International Journal of Latest Engineering and Management Research (IJLEMR)
ISSN: 2455-4847
www.ijlemr.com || Volume 04 - Issue 02 || February 2019 || PP. 94-108

Integrated Reporting: Meeting Nigeria Stakeholders' Information Needs Beyond Financial Performance

Abel Aig. Asein*, Timothy A. Soetan, Ishola Rufus Akintoye
All authors are of the Accounting Department, Babcock University, Ilishan, Ogun State, Nigeria
*Corresponding Author

Abstract: The decision usefulness of financial statements depends on their ability to satisfy the fundamental and enhancing qualitative characteristics of relevance, faithful representation, neutrality, understandability, completeness, reliability and timeliness. To be relevant, financial statements should provide financial and non-financial information needed by providers of all variants of capital to make decisions. From the literature, the current financial statements satisfy only the information needs of financial capital providers hence a need for a review of the existing practices to find out how the stakeholders information needs can be met beyond financial performance which is the thrust of this paper. Using the ex-post facto research design of reviewing related secondary data in some published reports and validating revealed practices with a survey, this study found that few entities that voluntarily disclose non-financial information enhanced their legitimacy and acceptability by their host communities. Since the inclusion of non-financial information in financial statements is not mandatory in Nigeria, the attribute of relevance is impaired calling to question their completeness, neutrality, credibility and decision usefulness. This study supports the view that, in the interdependent environment of business, value is created by all capitals (manufactured capital, intellectual capital, human capital, environmental capital, financial capital and social and relationship capital). Pursuant to this, the resultant financial reports should reflect all stakeholders' information needs both to enhance their legitimacy and to justify their resource dependence. The study therefore recommends the mandatory adoption of Integrated Report which will contain all financial and non-financial reports.

Keywords: Integrated Report, Non-financial Information, Relevance, Resource Dependence, Variants of Capital.

1.0 Introduction

The nature and purpose of financial reporting are conventionally defined by law and standards. In Nigeria, Sections 334 (1) and 335 of the Companies and Allied Matters Act (CAMA), LFN 2004(as amended) and Section 8(1) of the Financial Reporting Council of Nigeria (FRCN) Act no. 6, 2011 respectively require boards of directors of all listed entities to prepare audited financial statements in line with applicable standards, as part of their stewardship reports, which would be presented to shareholders at Annual General Meeting.

Also, as part of the listing conditions on the Nigerian Stock Exchange, Section 60 of the Investment and Securities Act (ISA), 2007 requires intending companies to file with the Securities and Exchange Commission, on periodic or annual basis, audited financial statements. The goal of the requirements, according to the Act, is to sustain investors' confidence in such reports as well as the capital market which provides the framework for investible funds.

The 2011 joint Conceptual Framework by Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) states that such financial statements should satisfy some fundamental and enhancing characteristics to be regarded as true and fair. These characteristics are relevance, presentational faithfulness, neutrality, comparability, verifiability, completeness, timeliness and understandability. Financial statements prepared in conformity with these benchmarks will elicit the confidence of a broad spectrum of users, reassure investors and other users and provide them with predictive and confirmatory financial information (IASB, 2011; McDaniel, Martin & Maines, 2002; and Van Beest, Braam and Boelens, 2009). Increased confidence in these high quality financial statements are expected to positively impact the cost of capital and stimulate more investment activities in the economy.

The thrust of the general purpose financial statements is to provide information on the financial position and financial performance of an entity (Brouwer, Faramarzi & Hoogendoorn, 2014; IASB, 2011). A review of any corporate entity's published financial statements will reflect its financial transactions and their impact on shareholders' funds during the period it covers. This is because, the ultimate goal of the board is maximization of shareholders' wealth reflected in the growth of the organisation's net worth. Such reports are skewed in favour of financial capital providers creating the false and misleading impression that organisations only operate with financial capital.

The world of business is changing very rapidly and so are the value creating activities of corporate entities. As a result, the resources that an entity uses are now much more than its internal resources. To fill the resource gap, the entity needs to obtain additional resources from the society. As the entity engages in value creation, the nature and quantum of variants of capital employed may be increased, decreased, transformed or completely used up {International Integrated Reporting Council (IIRC), 2013}. For instance, during the process of value creation, wasting natural capital may be used up and the ecosystem degraded at great cost to society. If the society shares in the entity's financing costs in this manner, it is legitimate for it to desire to share in the resultant benefits (Bhasin, 2017). In view of this, the entity's business model should acknowledge the connectivity between the internal and external factors as it strives to create value (Busco, Frigo, Quattrone and Riccaboni, 2014). Given these dynamics and resource interdependence between the entity and its environment, corporate reporting should also change to meet the needs of a wider stakeholder audience by providing financial and non-financial information (Bhasin, 2017; Hertgers, 2016).

Globally, there is a dearth of resources as the population of the world, according to UNFPA (2017), is expected to hit the 8.5billion mark in 2030. It was 7.5 billion in 2017. This grim situation is compounded by high rate of deforestation, climate change and global warming caused in the main by the productive activities of organizations for which they take little or no responsibility. Preserving the earth and its capacity to sustain human lives has assumed the front burner in the United Nation's development programme hence the launch of the Sustainable Development Programmes (UN, 2015).

Prior to this launch, there have been several initiatives by various governments, as a collective, to address this challenge- the Rio Declaration (1992), the Kyoto Protocol (1997), Millennium Summit (2000) and the Johannesburg World Summit (2002). In 2015, the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) were agreed at the New York Summit. The common strand in most of these summits is the need to create awareness on how the activities of organizations impact everyone and everything and the need to take urgent measures not only to get organisations to pay for and abate their externalities but also to save the earth. As aggressive efforts were on to create the desired awareness about the need for organisations to address the problem of environmental degradation, it became expedient that nations should go beyond the numbers in financial reports of corporate entities and push for a reporting framework that will provide relevant and all-inclusive information on how organizations are managed, how they do business, their governance and values{International Integrated Reporting Council (IIRC),2011}.

In most jurisdictions, organisations create value through the interrelationships and interactions between various capitals. Natural or environmental capital, manufactured capital, intellectual capital, human capital and social and relationship capital collectively play crucial roles in value creation by business entities {(Institute of Chartered Accountants in England and Wales(ICAEW), 2012; IIRC, 2013}. The non-reflection of the contributions of these other capitals in the financial statements creates a problem of information expectation gap between the corporate entities and their stakeholders.

In Nigeria, financial statements prepared by listed entities are general purpose financial reporting which contain only financial information (Section 334 of CAMA, 2004). Although this practice complies with standards and regulations, stakeholders now desire non-financial information beyond just financial performance. Stakeholders of an entity that operates in the Niger Delta, for instance, cannot rely only on financial information to determine its performance and sustainability. The non-financial information contained in environmental and sustainability reports prepared by such an entity, may be crucial to its legitimacy and acceptance by the community (Owolabi, 2009).

In response, the FRCN made the preparation and inclusion of corporate governance report in stewardship report of boards mandatory (FRCN Act, 2011). However, this requirement deals only with how the organisation is directed and controlled while no mention is made of the impact of the entity's activities on the environment. Non-financial information is as relevant to the process of decision making as financial information because such information often provide insight into business strategies, its governance, risk, opportunities as well as possible future sustainability of the company(IIRC, 2013).

In the context of financial reporting, relevance can be explained in terms of its impact on decision making. Information is relevant if its availability will alter the decision of a user of financial statements. Such material information should necessarily include financial and non-financial information to be complete. Citing IASB (2011), Mackenzie, Coetsee, Njikizana, Chamboko and Colvas (2011) observed that,

> "to be useful, information should be relevant to the decision-making needs of users. Information has the quality of relevance when it influences the economic decisions of users by helping them evaluate past, present or future events or confirming or correcting their past evaluation (p.13)".

Since accounting numbers in financial statements prepared in Nigeria do not reflect, and are not designed to capture, the level of degradation of the environment caused by productive activities, the non-

financial information needs of stakeholders are not satisfied. The narrow shareholders' wealth maximisation objective, espoused by neoclassical economists over the years, diminishes the decision usefulness of financial statements to other stakeholders or providers of other capitals in Nigeria. Therefore, it is "becoming increasingly less fit for the purpose (Busco, Frigo, Quattrone & Riccaboni, 2013 p.34)." The problem, which this study wants to provide solution, is how to satisfy the desire of stakeholders in Nigeria for non-financial information as this can influence their (i.e., stakeholders) decision to invest or divest from an entity, patronise or boycott its products, grant or deny it trade and long term credits, supply or deny it access to crucial raw materials. The objective of this study therefore is to determine how to satisfy the desire by stakeholders in Nigeria for non-financial information by leveraging integrated reporting as a corporate reporting framework which encompasses financial and non-financial information.

The principles-based International Financial Reporting Standards (IFRS) is the framework for financial reporting in Nigeria. This was adopted in 2010 by the country. Accordingly, the *a priori* expectation of the study is that respondents will have a negative perception of IFRS based financial statements and support the proposition that an all-inclusive, concise and condense Integrated Report which contains both financial and non-financial information should be introduced. This will bring to the fore the urgent need for standard setters, regulators and policy makers to revisit the subsisting IFRS Conceptual Framework, the thrust, content and structure of its financial statements such that they are consolidated with other non-financial reports, existing in various silos, to form an integrated report. The envisaged integrated report will satisfy the relevance and faithful presentation qualitative characteristics of financial statements as well as improve their offerings and value relevance in line with stakeholders' theory. It will also demand mandatory disclosures of all relevant information that can influence the economic decisions of all capital providers.

The remaining part of this study is segmented into four sections. The first section reviews the literature while the second contains the methodology. The third section discusses the findings while the last section contains the summary, conclusions and recommendations.

2.0 Literature Review

This section provides a conceptual review of the various key concepts as well as a discussion of the theories underpinning this study.

2.1 Conceptual review

2.2 Stakeholder information needs

According to IIRC(2013, p. 33), stakeholders are

> "those groups or individuals that can reasonably be expected to be significantly affected by an organization's business activities, outputs or outcomes, or whose actions canreasonably be expected to significantly affect the ability of the organization to create value overtime"(p.33).

Stakeholders may include providers of financial capital, employees, customers, suppliers, trade creditors, business partners, local communities, NGOs, environmental groups, legislators, regulators, providers of other capitals and policy-makers. Thus, stakeholders are diverse and their information needs are as diverse as their composition.

The current reporting framework cannot provide all the information required by stakeholders which can be classified into two parts: financial and non-financial information. The general purpose financial statements, which are stewardship reports of persons in fiduciary capacity, provide financial information on the assets, liabilities and changes in the stock of wealth of the owners of the business, the shareholders.In line with morality, regulation, standard and law, members of the board of directors as agents, are required to submit these stewardship reports in the form of financial statements to their principals, at least once a year, at the annual general meeting. Thus, the stakeholders' need for credible and reliable financial information is satisfied.

However, there is little or no framework for the provision of non-financial information in financial statements. Beyond the mandatory inclusion of corporate governance report, such financial statements do not contain non-financial information on how the activities of the entities have impacted the environment or the contributions of other variants of capital to the value creating process of the entity. In addition, they are largely backward looking instead of offering forward-looking information about strategy, performance and risk (Busco *et al* 2013). Stakeholders, including those in Nigeria, require both financial and non-financial information to make optimum investment decisions. They desire to know how their entities are managed, their business model, risk management strategy and how values will be created in the short, medium and long term.

2.3 Financial Performance

The neoclassical economists view on the goal of business is profit maximisation and therefore, they reasoned that the prime duty of board members is to strive to maximize the wealth of shareholders who are the providers of financial capital. Pursuant to this, the board is empowered to borrow, acquire and use resources as they consider fit in the overall interest of the enterprise. Rationality requires that the resultant financial statements to be prepared by the board should reflect what it achieved within a given time period usually a year. Thus, Financial statements, according to International Accounting Standards Committee Foundation (2010, p. A293), are “a structured representation of the financial position and performance of an entity”. As evidence of financial performance, financial statements are instruments of accountability with which stakeholders can hold directors to account.

The financial performance of an entity can be discerned from its level of profitability, liquidity, solvency, gearing, earnings per share and financial efficiency ratios of return on equity, asset turnover and return on assets. When these performance indicators are favourable, the entity’s shareholders’ funds, ability to pay dividends and its share prices will increase. These information, which can be computed from general purpose financial statements, enable the entity’s diverse shareholders to make investment decisions (IASB, 2010).

2.4 Integrated Reporting

As conceptualized and driven by the International Integrated Reporting Committee (IIRC), Integrated Reporting, is to bring together material information, including non-financial information, about an organization’s strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates(IIRC, 2013). According to IFAC(2017) as cited by Bhasin (2017, p18), “integrated reporting is the way to achieve a more coherent reporting system, fulfilling the need for single report that provides a fuller picture of organisations’ ability to create value over time.”

The drive for integrated reports is to fill the gap in the subsisting financial reporting framework which places greater, and near absolute, premium on meeting the information needs of financial capital providers. Since accounting numbers in financial statements prepared in Nigeria do not reflect, and are not designed to capture, the level of degradation of the environment caused by productive activities, the non-financial information needs of stakeholders are not satisfied. While these financial information are key to investment decision, stakeholders also need non-financial information to make optimal investment decisions. For instance, what are the contributions of environmental and human capitals to the values created by the entity? Although their contributions are largely and often positive, they are not reflected in the numbers in the financial statements. Stakeholders who desire non-financial information are unwittingly denied access to material information which will enhance their decision making processes. In addition to providing non-financial information, integrated reporting will provide a clear and concise representation of how an organization demonstrates stewardship and how it creates and sustains value in the 21st century thereby meeting the growing information needs of its diverse stakeholders.

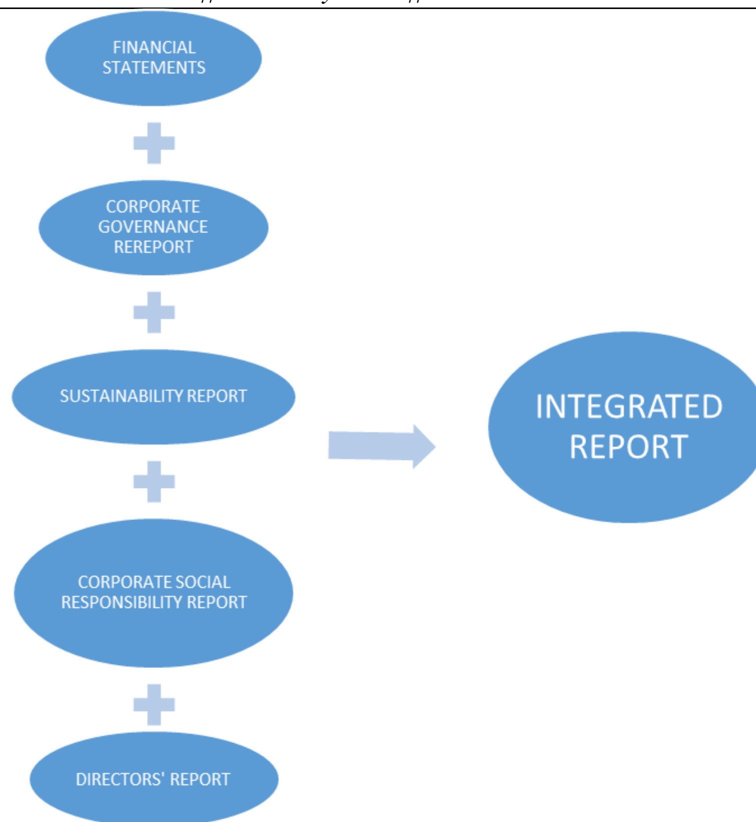

Figure 1: components of Integrated Report

Source: Researchers, 2018

In Nigeria, some entities (e.g., Zenith Bank PLC and Lafarge Africa PLC) voluntarily prepare environmental, social and sustainability reports in separate documents in an effort to address the unsatisfied non-financial information needs of stakeholders. How to make this individual corporate practice a national norm is the thrust of Integrated Reporting which is an initiative driven by critical thinking. It is about the short, medium and long term future of the entity. It involves an organization critically looking at the relationships between its six capitals(i.e., financial capital, manufactured capital, human capital, intellectual capital, environmental capital and social and relationship capital), the introduction of a business model that will lead to value creation over time (Busco et al, 2013, p.36; IIRC, 2013, p.2).

Bringing integrated thinking into the way businesses are done is the strategy for driving business sustainability and integrated reporting and this will lead to more value creation and benefits. According to Shepherd (2017) as cited by Bhasin (2017, p.21), "while much of the focus on IR has been on the needs of external stakeholders, the needs for better internal decision making can be significantly improved through utilizing the six capitals approach." Thus, there are both internal external benefits to be derived if the six capital approach that supports the provision of non-financial information is adopted.

3.0 Theoretical Review

The theories which underlie this study can be classified into two. The first set of theories explain the problem of information asymmetry and conflicts of interests between the principals and Agents who they hired to manage the entities for them. These agents are required by law and standard to prepare and present stewardship reports in the form of financial statements, which meet the fundamental qualitative characteristics of relevance and faithful representation, to their principals. These theories are the Shareholders' Theory, Stakeholders' Theory, Principal/Agency Theory, Rationality Theory, Policeman's Theory and Inspired Confidence Theory. The second set of theories deal with the issue of resource utilisation by entities which create challenges for people and environment in the form of externalities and degradation. These include the Theory of the Tragedy of the Commons, Legitimacy theory, Sustainability theory and Resource Dependency theory.

For the purpose of this study, the resource dependence theory is adopted for several reasons. The resources that entities use are often beyond its internal resources. They depend on the external environment for additional resources. For instance, out of the six capitals with which an entity creates values (i.e., financial

capital, manufactured capital, natural capital, intellectual capital, human capital, social and relationship capitals), only two (i.e., financial capital, manufactured capital) are somewhat internal to it. The other four capitals are externally sourced. In fact, financial capital can also be sourced externally if internal source proves inadequate. Secondly, many stakeholders, who are not equity holders, are affected directly or indirectly by the activities of the entity: employees, trade unions, the government, regulatory bodies and members of the public. The interests of these people are crucial and should be part of the business model of the entity. Thirdly, the economic activities of the entity create externalities which have negative impact on the society and the environment. Except these are incorporated into the entity's cost of doing business, the entity will prosper at the expense of society and people's welfare.

Developed by Pfeffer and Salancik, (1978), the Resource Dependence Theory holds that there exists interdependencies between entities and their environments which create uncertainties for the continued existence of the entities. For instance, the resources utilised by businesses are external to them: the raw materials, the labour, financial credits, the market for finished products and the network of distributors are all from outside the entity. These could cease to flow into the entities. Above all, the right to corporate existence was conferred by a regulatory body outside the entity and can be withdrawn; and even their brand names are a product of public perception of their products. In essence, the environment, based on trust, permits the entity to utilize its resources for value creation. Since there exists a lot of uncertainties about the external environment, an entity should adopt proactive strategies to ensure the continuity of its business. One such strategy is stakeholder engagement. Managers of corporate entities should be accountable to such resource providers as a minimum condition for continued business relation (IIRC, 2010).

Given that business entities owe their continued existence to outside stakeholders, therefore, they should endeavour to build social and economic relations with them. Resource dependence theory simply requires that the source of existence be well managed and catered for to sustain the entity. The entity should actively engage and recompense the external stakeholders with physical infrastructure and other benefits that will impact their welfare and also preserve their natural environment.

To continue to enjoy societal acceptability and justify its legitimacy, the entity is required to voluntarily report how its activities affect the people and environment where it obtains its being and what it has done to mitigate the negative impact. Such feedback and acceptance by the people will confer more legitimacy on the entity (Owolabi, 2009). According to Suchman (1995, p. 574), "legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, belief and definitions". When the organization fails to act and report voluntarily, this might lead to a legitimacy gap. This is the gap indicating a discrepancy between an organisation's actions and what the society expects of it.

In essence, the pursuit of profit should not be at the expense of society. It should incorporate people's welfare and care for the environment. Every corporate entity should rightly bear the cost of its activities just as it enjoys the benefits of success. They should mandatorily contribute to the restoration of the environment in the interest of present and future generation. This is the focus of sustainability which is defined as "development which meets the needs of the present without compromising the ability of future generation to meet their own needs" (Brundtland, 1987, p.43)

In conclusion, the point should be made, from the above theoretical review, that the current financial reporting architecture in Nigeria does not make the preparation and presentation of some non-financial information (e.g., environmental and sustainability reports) to be mandatorily included in annual stewardship reports notwithstanding the fact that they depend on the environment for their resources. Stakeholders in the environment can react negatively as witnessed in Nigeria's Niger Delta. Accordingly, the non-mandatory inclusion of non-financial information in financial statements in Nigeria, may significantly impair the attribute of relevance as one of the fundamental qualitative characteristics of financial statements. As observed by Van Beest, Braam and Boelens (2009, p.4), financial reporting quality should be perceived as a "broader concept that not only refers to financial information, but also to disclosures, and other non-financial information useful for decision making included in the report". The non-disclosure of non-financial information, which he termed, non-proprietary information, may actually lead to sub-optimal allocation of resources and decline in the price of the company's shares (Dye, 1985).Provision of information should go beyond historical to include scientific projections for the future and their possible impact on everybody and everything. Entities should produce business report with all its offerings such that stakeholders are substantially satisfied.

4.0 Methodology

This study was carried out with primary data obtained through survey design that was tested for reliability and content validity. The population for the study was made up of professional accountants who are the experts trained to prepare financial statements as well as provide assurance and financial advisory services.

A sample of professional accountants was selected using convenience and purposive sampling techniques. The study also used secondary information drawn from various publications including journal articles, periodicals, standard setters' technical pronouncements, textbooks and pieces of legislations.

The Institute of Chartered Accountants of Nigeria (ICAN) operates a committee system in its governance structure and each year, members are selected into the various committees, e.g., Strategy Committee, Technical, Research and Public Policy Committee and Professional Practice Monitoring Committee. Both the number and membership of such committees change each year based on the policy of the Institute's governing Council. During the 2017/2018 Presidential year, the Institute had35Standing Committees with an average membership strength of 40.

Thus, a sample of two committees was randomly selected from a population of 35 standing committees of the Institute. These are the 2018 Annual Conference Transition Committee, the Work Group on Conference Theme and Topics as well as selected ICAN staff (who are all professional accountants) who provide secretarial support to the two committees. This sample had a total membership strength of 100 professional accountants comprising fellows and associates members.Prior to its administration, copies of the questionnaire were peer reviewed by the researcher's colleagues, who are professional accountants, to test for content and construct validity. A face to face construct and content validity were also done with an expert in this area.The results obtained from the administered questionnaire we reanalysed and further validated with ex-post facto information drawn from various publications including journal articles, periodicals, standard setters' technical pronouncements, textbooks, pieces of legislations and published annual reports of some listed entities.

4.1 The Research Instrument

The survey design instrument, the questionnaire, had two parts. The first part contained five questions which were designed to obtain the respondents' socio-demographic data on gender, highest academic qualification, years of post-academic qualification, professional qualification and role in the financial reporting processes. The second part raised a set of four questions each on the five objectives of the study. There were no open-ended questions while the Likert-typed Scale of 1-6 (with Strongly Agree being 6 and Strongly Disagree being 1) was adopted to facilitate responses.

During the meetings of the selected committees, copies of the designed 2-segment questionnaire which consists of 25 close-ended questions were administered. Out of the 100 copies of the questionnaires administered, seventy-eight copies were completed and returned by respondents. This is a response rate of 78%. There were no rejected responses as all were valid and fit for purpose. The various responses were inputted and analysed with the SPSS.

5.0 Results

This section presents the results of the study

5.1 Socio-Demographics

Although all respondents were professional accountants, their roles in financial reporting vary: 44.9% were auditors/assurance providers, 15.4% were preparers of financial reports, 35.9% were users of financial reports, 1.3% were regulators,2.6% were others(see Table 1).The increasing involvement of females in professional accountancy and financial reporting was underscored by the fact that of the responses received, 28.2% were females while males were 71.8%. In the context of the sample used, some of the professional accountants had additional qualifications. This explains why 9% (i.e. others, 6.4% and CIBN/CII/CIPM, 2.6%) was cumulatively reflected in other qualifications whereas, the professional accountants who were either associates or fellows of various professional accountancy bodies were 90% (39.7% + 51.3%).

Table 1: Data Extracted from SPSS analysis of responses

	FREQUENCY	PERCENTAGE	VALID PERCENTAGE	CUMULATIVE PERCENTAGE
MALE	56	71.8	71.8	71.8
FEMALE	22	28.2	28.2	100.0
TOTAL	**78**	**100.0**	**100.0**	
ACA/ACCA/CPA	31	39.7	39.7	39.7
FCA/FCCA	40	51.3	51.3	91.0
CIBN/CII/CIPM	2	2.6	2.6	93.6
OTHERS	5	6.4	6.4	100
TOTAL	**78**	**100.0**	**100.0**	

PREPARERS	12	15.4	15.4	15.4
AUDITORS/ASSURANCE PROVIDERS	35	44.9	44.9	60.3
REGULATORS	1	1.3	1.3	61.5
USERS	28	35.9	35.9	97.4
OTHERS(e.g., teachers)	2	2.6	2.6	100.0
TOTAL	**78**	**100.0**	**100.0**	

Source: Field study, 2018

5.2 Test of Reliability

The total responses to the 25 questionswere 78. These responseswere tested for reliability and set against the globally accepted Cronbach's Alpha. The result obtained, 0.749 when compared to the universal minimum benchmark of 0.70 for research studies, confirm the reliability of the results.

Table2:Reliability Statistics

Cronbach's Alpha	N of Items
.749	**25**

Source: Field study, 2018

5.3 DATA ANALYSIS AND DISCUSSIONOF RESULTS

Objective 1: To determine users' perception of the information adequacy of IFRS-compliant financial statements.

Table 3: Users perception of IFRS financial Statements

OBJECTIVE 1	SA	A	PA	PD	D	SD	MEAN	Std. D
Proposition 1.1: Generally, IFRS-based Financial Statements assist investors to make investment decisions.	45 (57.7)	10 (12.8)	21 (26.9)	2 (2.6)			5.26	.946
Proposition 1.2: IFRS-based financial statements are designed, in line with the conceptual framework, to meet only the information needs of financial capital providers	8 (10.3)	17 (21.8)	13 (16.7)	27 (34.6)		13 (16.7)	3.58	1.525
Proposition 1.3: IFRS-based financial statements do not provide non-financial information required by some stakeholders.	6 (7.7)	3 (3.8)	32 (41.0)	28 (35.9)	4 (5.1)	5 (6.4)	3.46	1.136
Proposition 1.4: Non-Financial information are as relevant as financial information in stakeholders' decision making processes.	60 (76.9)	5 (6.4)	12 (15.4)	1 (1.3)			5.59	.797

Source: Field Study, 2018

The purpose of this objective was to determine the users' perception of the information adequacy of the IFRS-compliant financial statements which are currently in use in Nigeria. In Table 3, the mean values indicate, on the average, the perception of respondents on each of the propositions. With a mean score of 5.6 on proposition 1.1, the 57.7% of respondents strongly agreed that IFRS-based financial statements assist investors to make investment decisions. However, the respondents, on the average (3.58 mean score) agreed on proposition 1.2 that the current financial statements meet only the information needs of financial capital providers. On a mean score of 3.46 on proposition 1.3, the respondents agreed that IFRS-based financial reports which are prepared on the basis of IASB's conceptual framework adopted by FRCN, do not provide non-financial information required by some stakeholders. With a mean score of 5.59 on proposition 1.4, 77.0% of respondents strongly agreed that both financial and non-financial information are relevant to the decision making processes of stakeholders in Nigeria. In summary, the respondents strongly agreed that IFRS-based

financial statements meet only the information needs of financial capital providers in spite of the fact that financial and non-financial information are relevant to stakeholders' decision making processes.

Objective 2: To determine if the Values created by Capitals, other than financial capital, are reflected in the IFRS-based Financial Statements.

This objective sought to determine if the values created by capitals, other than financial capital, are reflected in the IFRS-based financial statements. To achieve this objective four questions were asked.

Table 4: Reflection of Values created by all capitals in Financial Statement

OBJECTIVE 2	SA	A	PA	PD	D	SD	MEAN	Std. D
Proposition 2.1: All capitals (i.e., financial, intellectual, human, environmental, social and relationship and manufactured) contribute towards an entity's value creation process.	52 (66.7)	9 (11.5)	15 (19.2)	2 (2.6)			5.42	.890
Proposition 2.2: The values created by other capitals (e.g., intellectual capital, human capital, environmental capital) are not reflected in accounting numbers in financial statements.	22 (28.2)	11 (14.1)	28 (35.9)	4 (5.1)	9 (11.5)	4 (5.1)	4.27	1.483
Proposition 2.3: IFRS-based financial statements are designed to show the impact of the board's decisions on the financial capital entrusted to them for management.	24 (30.8)	14 (17.9)	24 (30.8)	10 (12.8)	6 (7.7)		4.51	1.266
Proposition 2.4: Without including non-financial information in financial statements, the information needs of Nigerian stakeholders will not be satisfied.	3 (3.8)	2 (2.6)	4 (5.1)	14 (17.9)	16 (20.5)	39 (50.0)	4.99	1.324

Source: Field Study, 2018

On proposition 2.1 and a mean score of 5.42 as indicated in Table 4, respondents strongly agreed that all the six capitals add to the value created by corporate entities over time. On proposition 2.2 and a mean score of 4.27, respondents agreed that such values were not reflected in the financial statements of such entities. On proposition 2.3 and a mean score of 4.51, most respondents strongly agreed the subsisting IFRS financial statements are designed to show the impact of the board's decisions on the financial capital entrusted to them for management by their principals, the shareholders. This is in tandem with the thrust of the shareholders' theory. On proposition 2.4, respondents disagreed with the view that the non-inclusion of non-financial information in financial statements implies that the information needs of stakeholders in Nigeria will not be satisfied. As noted above, some non-financial information (e.g., CSR and Corporate Governance reports) are produced in separate documents, independent of the financial statements, which the stakeholders can access. Given that 35.9% of the entire respondents are users of financial statements and 11.5%(i.e., 3.8+2.6+5.1) agreed that the information needs of stakeholders are not met, it is reasonable to surmise that there exists a material expectation gap in the provision of information by corporate entities to their stakeholders in Nigeria.

Objective 3: To determine if the preparation of corporate social responsibility report should be made compulsory for all listed companies in Nigeria

The objective was to determine if the preparation of corporate social responsibility report by corporate entities should be mandatory. Disclosure of CSR is currently voluntary.

Table 5: Mandatory Preparation of CSR Report by listed entities

OBJECTIVE 3	SA	A	PA	PD	D	SD	MEAN	Std. D
Proposition 3.1: The preparation and presentation of corporate social responsibility report should not be made compulsory for listed entities.	2 (2.6)	9 (11.5)	4 (5.1)	31 (39.7)		32 (41.0)	2.54	1.483
Proposition 3.2: IFRS-based financial statements do not provide information on the impact of a company's activities on the environment and other capitals.	7 (9.0)	7 (9.0)	12 (15.4)	14 (17.9)	22 (28.2)	16 (20.5)	4.09	1.564
Proposition 3.3: Only successful companies engage in and voluntarily disclose their corporate social responsibility activities.	13 (16.7)	19 (24.4)	19 (24.4)	10 (12.8)	11 (14.1)	6 (7.7)	3.94	1.523
Proposition 3.4: Entities that produce IFRS-compliant financial statements include only disclosures that are mandatory.	13 (16.7)	33 (42.3)	13 (16.7)	13 (16.7)	1 (1.3)	5 (6.4)	4.37	1.330

Source: Field Study, 2018

As indicated in Table 5, the mean score of 2.54 in proposition 3.1 reflects that respondents disagreed with the proposition that CSR should not be made compulsory. From the responses received a total of 63 (i.e., PD=31, SD=32) respondents share this view. In other words, they strongly agreed to the proposition that the preparation of CSR report should be compulsory for listed entities.To reinforce this reasoning and a mean score of 4.09, most respondents agreed to proposition 3.2 that IFRS-based financials do not provide information on the impact of a company's activities on the environment. On the average and a mean score of 3.94, the respondents agreed to proposition 3.3 that only successful companies voluntarily disclose their CSR activities in their financial statements. On proposition 3.4, respondents agreed, with a mean score 4.37, that entities which produce IFRS compliant financial statements only include mandatory disclosures. Based on these responses, it can be surmised that respondents strongly agreed that CSR disclosure should be made compulsory in annual reports of listed entities.

Objective 4: To determine if the preparation of sustainability report should be made mandatory for all listed companies in Nigeria.

This objective sought to find out from respondents if the preparation of sustainability reports should be made mandatory in Nigeria. In South Africa and Britain, this is a mandatory requirement.

Table 6: Mandatory Preparation of Sustainability Report by listed entities.

OBJECTIVE 4	SA	A	PA	PD	D	SD	MEAN	Std. D
Proposition 4.1: Sustainability issues are integral part of business planning, risk management and survival strategies for listed entities	51 (65.4)	6 (7.7)	19 (24.4)			2 (2.6)	5.31	1.108
Proposition 4.2: An entity involved in corporate social responsibility activities does not need to adopt Sustainability Approach to business.	25 (32.1)	7 (9.0)	32 (41.0)	9 (11.5)	3 (3.8)	2 (2.6)	2.54	1.296
Proposition 4.3: Sustainability reporting will make corporate entities to take full responsibilities for their externalities and also care for other capitals	39 (50.0)	9 (11.5)	26 (33.3)	2 (2.6)	2 (2.6)		5.01	1.168
Proposition 4.4: Sustainability reporting will encourage more stakeholders' engagement, enhance the entity's legitimacy and better financial performance	40 (51.3)	16 (20.5)	21 (26.9)	1 (1.3)			5.22	.892

Source: Field Study, 2018

On proposition 4.1 as indicated in Table 6, most respondents strongly agreed that sustainability issues are integral part of business planning, risk management and survival strategies. On proposition 4.2, respondents on the average and a mean score 2.54 partially agreed that once an entity is involved in CSR activities, it should no longer adopt a sustainability approach to business. However, on a mean score of 5.01 in proposition 4.3, 61.5% (50.0+ 11.5) of respondents strongly agreed that the adoption of a sustainability approach would make corporate entities to take full responsibilities for their externalities and also care for other capitals. On proposition 4.4, most respondents agreed that sustainability will promote greater stakeholders engagement and also enhance the legitimacy and financial performance of entities involved in it. This agrees with the literature (Bhasin, 2017; Fauzi, 2014 & Owolabi, 2009).

In summary, there is no contradiction in the responses. An entity that strategically caters to the environment through various CSR activities is unwittingly engaged in sustainability approach to business. After all, the focus of both initiatives is to build legitimacy and goodwill such that the entity continues in business in the short, medium and long terms. However, cosmetic CSR will not achieve sustainability of the entity.

Objective 5: To determine if the preparation of integrated reports should be made mandatory for all listed entities in Nigeria

This objective sought to establish whether integrated report should be made mandatory in Nigeria as it is in South Africa since it contains both financial and non-financial information desired by stakeholders in the country.

Table 7: Mandatory Preparation of Integrated Reports by listed entities

OBJECTIVE 5	SA	A	PA	PD	D	SD	MEAN	Std. D
Proposition 1: The Integrated Reporting Framework provides financial and non-financial information required by Nigerian stakeholders	42 (53.8)	13 (16.7)	22 (28.2)		1 (1.3)		5.22	.949
Proposition 2: There is need for boards of directors to continuously think of the big picture (integrated thinking) when selecting their organisations' business model.	47 (60.3)	15 (19.2)	15 (19.2)		1 (1.3)		5.37	.884
Proposition 3: Since it is all-inclusive, Integrated reports will promote greater confidence in accounting numbers, reassure stakeholders and reduce cost of capital	52 (66.7)	10 (12.8)	16 (20.5)				5.46	.817
Proposition 4: Integrated report will satisfy the fundamental qualitative characteristics of relevance and faithful representation.	47 (60.3)	9 (11.5)	21 (26.9)	1 (1.3)			5.31	.916

Source: Field Study, 2018

From Table 7, the mean values indicate the opinions of respondents on the 4 propositions on the average. Since the mean values to the 4 propositions are above 5, it shows that the respondents strongly agreed with the various propositions. In summary, we can conclude that integrated report will meet the financial and non-financial needs of Nigeria stakeholders. It will also encourage board members to continually think of the big picture if they are desirous of creating value in the short, medium and long term. Therefore, the mandatory adoption of an all-inclusive integrated report will enhance stakeholders' confidence in accounting numbers in financial statements as well as positively impact the cost of capital and financial performance. If this happens, the information needs of stakeholders in Nigeria beyond financial performance will be satisfied.

Limitation of Study

The administration of questionnaires is often a problem in our environment where people are reluctant to complete the survey instrument for research purpose due in part to lack of motivation (Adamu, Sabi & Bawa, 2014) and also because of the cognitive burden it puts on them(Bowling, 2005; Lee, 2009).To address this challenge, its questions were close-ended and simple for respondents to answer.

Summary, Conclusion and Recommendations

The main objective of this study was to determine how to meet the information needs of Nigeria stakeholders beyond financial performance by making it mandatory for listed entities to adopt integrated reporting as the reporting framework. Integrated Report was defined as an all-inclusive stewardship report which embodies both financial and non-financial information required by stakeholders in Nigeria. Based on a survey design the perception of stakeholders, particularly professional accountants who play different roles in the financial reporting processes, was sought. The responses from77% of the respondents (see proposition 1.4 of Table 3) affirm that financial and non-financial information are both important in the decision making process of stakeholders. They also agreed as indicated propositions 2.2-2.4 in Table 4, that the current IFRS-based financial statements provide only financial information required by providers of financial capital implying that they do not satisfy the fundamental qualitative characteristic of relevance. In their opinion, the values created by other factors, although invaluable, are not reflected in the current financial statements.

For instance, many corporate entities have priceless intangible assets through which they create value but these assets are not captured in their statement of financial position. Management skills, intellectual property, good reputation built over the years by generations of employees and customers, etc., are invaluable. They count and influence investment and other decisions but are not catered for by the current framework of financial reporting. In view of this, the subsisting business model needs to be re-engineered to meet the expectations of all stakeholders.

As indicated in Table 6 and proposition 4.4, 71.8% of the respondents (i.e., 51.3+ 20.5)strongly agreed, as established by literature, that organisations that practice sustainability reporting will encourage more stakeholders' engagement and voluntary disclosure of non-financial information. They will also leverage the associated benefits of improved public perception and goodwill, enhanced legitimacy, reduced cost of capital and improved financial performance. The study also observed that some organisations voluntarily prepare some form of non-financial information reports as part of the strategy to fill the information expectation gap between them and their stakeholders. Given this situation, the respondents agreed that these reports should be consolidated into one document both to address the dearth of non-financial information and also fulfil the attributes of relevance and faithful representation.

The study therefore recommends that the regulators and standard setters should commence a process that will lead to the adoption of Integrated Reporting as the new framework for corporate reporting in Nigeria as it is done in South Africa. The society will be the better for it as it encompasses new business model that focuses on value creation in the short, medium and long run. It will persuade and indeed, make it mandatory for corporate entities to take full responsibilities for the externalities they create during production processes. Except the environment is saved in this manner through total absorption of externalities and adoption of sustainability initiatives and reporting, future generations may be deprived of their fair share of natural endowments. This is the thrust of sustainable development which focuses on people, the society and the environment.

The recommended processes should include regulatory changes, investment in institutional and human capacity building in preparation for the impending change. The professional accountancy bodies need to also review their training curricula as well as organize continuing professional education training programme on Integrated Reporting for existing members. Lastly, a lot of sensitization needs to be done by regulators and the Stock Exchange for all stakeholders. It is no longer a question of whether IFRS will be absorbed by integrated reporting, but when.

References

[1]. Adams, C. A. (2015). The international integrated reporting council: a call to action. Cri*tical Perspectives on Accounting,* 27,23-28.

[2]. Adamu, I., Sabi, I.S. & Bawa, S.(2014). Measuring Respondent Burden in Nigeria: A case study of Central Bank of Nigeria Enterprise Surveys. *CBN Journal of Applied Statistics,* 5(1), June, 105-120.

[3]. Adeyemi, S.B. (2006). Impact of Accounting Standards on Financial Reporting in Nigeria. (Unpublished PhD Thesis), University of Lagos.

[4]. Barth, M., Beaver, W. and Landsman, W. (2001). The Relevance of the Value Relevance Literature for Financial Accounting Standard Setting: Another View. *Journal of Accounting and Economics,*31,77-104.

[5]. Bhasin, M. (2017). Integrated Reporting: The Future of Corporate Reporting. *International Journal of Management and Social Sciences Research,*6(2), February, 17-31.

[6]. Bhasin, M.L. (2017). Integrating Corporate Governance and Forensic Accounting: A Study of an Asian Country. *International Journal of Management Sciences and Business Research,* 6(1),31-52.

[7]. Bhasin, M.L. (2016). Voluntary Reporting of Corporate Governance Information in Annual Reports: An Empirical Study of an Asian Country. *International Journal of Management Sciences and Business Research,*5(7),71-95.

[8]. Bhasin, M.L. (2016a). Fraudulent Financial Reporting Practices: Case Study of Satyam Computer Limited. *The Journal of Economics, Marketing and Management,* 4(3),12-24.

[9]. Barth, M., Landsman, W. and Lang, M. (2008). International Accounting Standards and Accounting Quality. *Journal of Accounting Research,* 46(3),467-498.

[10]. Botosan, C. (1997). Disclosure Level and the Cost of Equity Capital. *The Accounting Review,*72,323–49.

[11]. Botosan, C., and Plumlee, M. (2002). A Re-examination of Disclosure Level and the Expected Cost of Equity Capital. *Journal of Accounting Research,*40,21–40.

[12]. Botosan, C. (2004). Discussion of a Framework for the Analysis of Risk Communication. *The International Journal of Accounting,* 39,289-295.

[13]. Bowling, A. (2005). Mode of Questionnaire Administration can have serious effects on data quality. *Journal of Public Health,* 27, 281-291

[14]. Brouwer, A., Faramarzi, A & Hoogendoorn, M. (2014). Does the New Conceptual Framework Provide Adequate Concepts for Reporting Relevant Information about Performance? *Accounting in Europe,* 11(2),235–257.

[15]. Brundtland, G. H. (1987). World Commission on Environment and Development, Our common future, Oxford: Oxford University press.

[16]. Busco, C., Frigo, M. L., Quattrone, P., & Riccaboni, A. (2014). Leading Practices in Integrated Reporting. *Strategic Finance.* September, 23-32. ISSN1524-833X

[17]. Busco, C., Frigo, M. L., Quattrone, P., & Riccaboni, A. (2013a). Integrated Reporting: Concepts and Cases that Redefine Corporate Accountability. Switzerland: Springer International Publishing.

[18]. Busco, C., Frigo, M. L., Quattrone, P., & Riccaboni, A. (2013). Redefining corporate accountability through integrated reporting: What happens when values and value creation meet? *Strategic Finance,*33-42.

[19]. Busco, C., Giovannoni, E., & Granà, F. *(Working Paper).* Engaging with the concept of sustainability: integrated reporting as a discursive object,Pp 1-25.

[20]. Cadbury, Lord Adrian(1992). The Report of the Committee on Corporate Governance. London

[21]. Cheng, M., Green, W., Conradie, P., Konishi, N., & Romi, A. (2014). The international integrated reporting framework: key issues and future research opportunities. *Journal of International Financial Management & Accounting,* 25(1),90-119.

[22]. Chow, C. (1982). The demand for external auditing: Size, debt and ownership influences. *The Accounting Review,*57(2),272–291.

[23]. Dragu Ioana and Tiron-Tudor Adriana (2014), "Research agenda on integrated reporting: new emergent theory and practice". Emerging Markets Queries in Finance and Business. *Procedia Economics and Finance,* 15(2014),221 – 227.

[24]. Dye, R. (1985). Disclosure of Non-proprietary Information. *Journal of Accounting Research,* 23,(123–45).

[25]. Eccles, R.G., Cheng, B. and Saltzman, D. (2010) Eds. The Landscape of Integrated Reporting: Reflections and Next Steps. Boston: Harvard Business School.(Ebook,@ by the Presidents and Fellows of Harvard College

[26]. Eccles, R. G. (2012). Get Ready: Mandated Integrated Reporting Is The Future Of Corporate Reporting. *MIT Sloan Management Review,* 1-5.

[27]. Eccles, R.G., Ioannou, I. and Serafeim, G. (2012). The Impact of Corporate Sustainability on Organizational Processes and Performance. *Working Paper* 17950. http://www.nber.org/papers/w17950. Retrieved on January 29, 2019.

[28]. Fauzi, H. (2009). The determinants of the relationship of corporate social performance and financial performance: conceptual framework. *Issues in Social and Environmental Accounting,* 2(2), 1-15.

[29]. Fauzi, H. and Idris, K.M. (2009). The relationship of CSR and Financial Performance: New Evidence from Indonesian Companies. *Issues in Social and Environmental Accounting,*3(1), June, 66-87.

[30]. Federal Government of Nigeria(2004). Companies and Allied Matters Act, LFN

[31]. Francis, J., Nanda, D. and Olsson, P. (2008). Voluntary Disclosure, Earnings Quality, and Cost of Capital. *Journal of Accounting Research,* 46(1), March, 53-99.

[32]. Hardin, G. (1968). Tragedy of the Commons. *Science, New Series.* 162(3859), Dec 13, 1243-1248

[33]. Hertgers, I.(2016). Integrated reporting: The implementation and development of integrated reporting at TenneT. Radboud University, Nijmegen School of Management,S4230043.{Master Thesis Economics. Accountancy & Control (2015-2016)}.

[34]. Hoque, M.E. (2017). Why Company Should Adopt Integrated Reporting? *International Journal of Economics and Financial Issues,* 7(1), 241-248.

[35]. IASB (2010).*The Conceptual Framework for Financial Reporting,* A21-A52. London: IFRS Foundation

[36]. IASCF (2010). *International Financial Reporting Standards*-Part A. London: IASC Foundation Publications Department.

[37]. ICAEW (2003). New Reporting Models for Business. *Information for Better Markets initiative.* London: ICAEW Financial Reporting Faculty

[38]. ICAEW (2006). Sustainability: the Role of Accountants. *Information for Better Market series.* London: ICAEW Financial Reporting Faculty

[39]. ICAN (2014). Corporate Reporting Study Text. London: Emile Woolf International.

[40]. IFAC & IIRC (2015). Materiality in IR-Guidance for the preparation of Integrated Reports. www.integratedreporting.org Retrieved on March 2, 2018.

[41]. IIRC (2011).Towards Integrated Reporting: Communicating Value in the 21st Century. London: International Integrated Reporting Committee.

[42]. Ioana, D. and Adriana,T. (2014). New Corporate Reporting Trends, Analysis on the evolutionof Integrated Reporting. Annals of Faculty of Economics, University of Oradea, Faculty of Economics, 1(1), 1221-1228, July.

[43]. Ioannou, I. and Serafeim, G. (2012). What Drives Corporate Social Performance? The Role of Nation-level Institutions. *Journal of International Business Studies* 43, 834-864.

[44]. Jensen, M.C., & Meckling, W.H. (1976). Theory of the firm: Managerial behaviour, agency costs, and ownership structure. *Journal of Finance and Economics,* 3(4),305-360.

[45]. Jonas, G. and Blanchet, J. (2000). Assessing Quality of Financial Reporting. *Accounting Horizons,* 14(3) 353-363.

[46]. Lafarge Africa PLC, Nigeria (2016). Audited Annual Report and Accounts: Building Together with Communities.

[47]. Lee, S. (2009). Questionnaire Administration: Effects by mode on Data Quality and Accuracy in Psychological Research. *EPY* 8223, Summer Term

[48]. Limperg, T. (1932). *The Social responsibility of the auditor.* Reproduced in Limperg Institute(1985),The New Zealand: Limperg Institute.

[49]. Mbobo,M.E. and Ekpo, N.B.(2016). Operationalising the Qualitative Characteristics of Financial Reporting. *International Journal of Finance and Accounting*, 5(4), 184-192.

[50]. Mackenzie, B., Coetsee, D., Njikizana, T., Chamboko, R. and Colyvas, B.(2011). Interpretation of International Financial Statements. New Jersey: John Wiley & Sons.

[51]. McDaniel, L., Martin, R.D. and Maines, L.A. (2002). Evaluating Financial Reporting Quality: The Effects of Financial Expertise vs. Financial Literacy. *The AccountingReview,* 77, 139-167.

[52]. Owen, G. (2013). Integrated Reporting: A Review of Developments and their Implications for the Accounting Curriculum.*Accounting Education: An International Journal,* 22(4), 340–56.

[53]. Owolabi, A.(2009). Environmental Disclosure in Annual Reports: the Nigerian Perspective. *Social and Environmental Accounting Research,* N.1 (2009) Special Issue.

[54]. Pfeffer, J. and Salancik, G.R.(1978). The External Control of Organisations: A Resource Dependence Perspective. New York: Harper & Row.

[55]. Pfeffer, J. and Salancik, G.R.(2003). The External Control of Organisations: A Resource Dependence Perspective. Stanford, CA: Stanford University Press.

[56]. Porter, M., and Kramer, M. (2011). Creating Shared Value. *Harvard Business Review,* 89(1/2),62-77.

[57]. Schipper, K. and Vincent, L. (2003). Earnings quality.*Accounting Horizons,* 17, 97-110.

[58]. Serafeim, G. (2014). Integrated Reporting and Investor Clientele. *Journal of Applied Corporate Finance,* 27(2), Spring 2015

[59]. Suchman, M.C., 1995. Managing Legitimacy: Strategic and Institutional Approaches, *Academy of Management Journal,*20(3),571-610.

[60]. UN (2015). Sustainable Development Goals. Retrieved from https://www.un.org on March 10, 2018

[61]. Van Beest, F. V., Braam, G. and Boelens, S. (2009). Quality of Financial Reporting: Measuring Qualitative Characteristics. *NiCE Working Paper 09-108,*Nijmegen Centre for Economics, Radboud University, Nijmegen. HK Nijmegen: Netherlands. Retrieved from http://www.ru.nl/nice/workingpapers on January 29, 2019.

[62]. Wallace, R.S.O.(1988). Corporate Financial Reporting in Nigeria. *Accounting and Business Research, 18:72, Pp 352-362*

[63]. Yen-pei, C. & Perrin, S. (2017).*Insights into Integrated Reporting-Challenges and best practices.* April. London: ACCA

[64]. Zenith Bank PLC (2016). Sustainability Report: Creating Wealth Sustainably. Lagos: Zenith Publications (Corporate Sustainability and Responsibility Unit).